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September 6, 2018

Board of Commissioners of Public Utilities Prince Charles Building 120 Torbay Road, P.O. Box 21040 St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon

Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Approval of Capital Expenditures Supplemental to Newfoundland and Labrador Hydro's (Hydro) 2018 Capital Budget Application – Control System Between Mary's Harbour Diesel Plant and St. Mary's River Hydro Plant – Hydro's Reply

Following is Newfoundland and Labrador Hydro's (Hydro) reply with regard to the above noted Application.

1.0 Application Background

On August 23, 2018, Hydro filed an Application for the approval of capital expenditures associated with the purchase and construction of a control system between Mary's Harbour Diesel Plant and St. Mary's River Hydro Plant.

2.0 Board Schedule

On August 24, 2018, the Board sent correspondence advising that comments were due by September 5, 2018.

3.0 Hydro's Response

There were no comments received in relation to this Application.

Hydro submits that the proposed capital expenditures for which Hydro has sought approval in the present Application are necessary to ensure that Hydro can continue to provide service which is safe and adequate and just and reasonable as required by Section 37 of the *Public Utilities Act*. Hydro respectfully requests that the Board approve Hydro's application, as submitted.

Should you have any questions, please contact the undersigned.

Ms. C. Blundon Public Utilities Board

Yours truly,

Newfoundland & Labrador Hydro

Michael S. Ladha

Legal Counsel & Assistant Corporate Secretary MSL/kd

cc: Gerard Hayes - Newfoundland Power

Paul Coxworthy – Stewart McKelvey

ecc: Larry Bartlett - Teck Resources Limited

Dean Porter - Poole Althouse

Dennis Browne, Q.C. – Browne Fitzgerald Morgan & Avis

Denis Fleming – Cox & Palmer

Sheryl Nisenbaum – Praxair Canada Inc.